

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1464-06  
Bill No.: SCS for HCS for HB 795 with SA1, SA2, SA3 and SA4  
Subject: Counties; Economic Development  
Type: Original  
Date: April 27, 2007

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Bill Summary: This proposal permits the creation of theater, cultural arts, and entertainment districts in certain counties and authorizes guest taxes in certain cities, defines transect-based zoning, and authorizes certain taxes in certain political subdivisions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### LOCAL OPTION SALES TAX (Section 67.997):

**Oversight** assumes Sections 67.997 has the potential to impact the State's General Revenue Fund. The section is **considered to be permissive and as written does not require certain defined local governments to initiate sales taxes for certain purposes.**

Before there would be fiscal impact, the governing body would have to place the question of imposing a sales tax to the voters of the defined district. **Oversight** is showing this because the Department of Revenue- Sales Tax Division would collect the tax, and would **retain a 1% collection fee which would go into the State's General Revenue Fund. Fiscal impact will be shown as \$0 or a positive unknown.** If none of the political subdivisions would impose a sales tax there would be no fiscal impact to the General Revenue Fund. If a tax were approved, the 1% collection fee would go into the General Revenue Fund. The amount is unknown.

Officials from **Perry County** did not respond to our request for fiscal impact.

The **Department of Revenue** assumes no fiscal impact from this part of the proposal.

#### TOURISM DISTRICT IN FRANKLIN COUNTY (Section 67.1360):

**Oversight** assumes this part of the proposal amends the current boundaries of the area that would be allowed to impose a transient guest tax on a portion of the Sullivan C-2 School District located in Franklin County.

**Oversight** assumes the City of Sullivan currently has the authority to impose a transient guest tax, but not within that portion described in this proposal.

**Oversight** assumes this proposal would require the City of Sullivan to seek voter approval to impose a transient guest tax on that portion of land allowed by this proposal.

**Oversight** assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.

ASSUMPTION (continued)

THEATER, CULTURAL ARTS AND ENTERTAINMENT DISTRICTS (Sections 67.2500, 67.2505 & 67.2510);

Officials from the **Office of the State Courts Administrator** assume the proposal would not have a fiscal impact on the courts.

Officials from the **Department of Economic Development** assume the proposal would not fiscally impact their agency.

Officials from the counties of **Buchanan, Clay, Jackson, Boone and Jasper** as well as the cities of **St. Joseph, Independence and North Kansas City** did not respond to our request for fiscal impact.

Officials from the **Department of Revenue (DOR)** state this legislation will not have a fiscal impact on their agency. However, the department included some comments from Office of Administration ITSD - DOR .

Office of Administration Information Technology (ITSD DOR) estimates the IT portion of this request can be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing 2 existing CIT III for 2 months at a rate of \$16,744.

**Oversight** assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval. Oversight will also assume DOR may retain 1 percent of the potential sales tax revenue generated within the new theater, cultural arts and entertainment districts.

ST. LOUIS SALES TAX FOR PUBLIC SAFETY DEPARTMENTS - (Senate Amendment 1);

In response to a similar proposal from this year (SB 624), officials of the **Department of Revenue** stated that this proposal does not require their department to collect the sales tax. Officials assume that state revenues would be unaffected. Officials stated that the Taxation Division would have no fiscal impact.

ASSUMPTION (continued)

Officials of the **City of St. Louis** did not respond to this fiscal note request; however, in response to a similar proposal of this session, fiscal note 1606-01 HB 603 the following fiscal impact statement was submitted:

Officials of the **City of St. Louis - Budget Division** stated that if the people were to approve a sales tax at the ½ cent rate it would generate an estimated \$18,000,000 for 10 months of FY 2008.

**Oversight** assumes that this proposal is permissive and as written would have no fiscal impact without action by the governing body with voter approval.

**Oversight** will show fiscal impact as \$0 to \$18,000,000 the amount estimated by the City of St. Louis Budget Office. **Oversight** assumes fiscal impact would be \$0 if the tax did not receive voter approval.

**Oversight** for the purposes of this fiscal note will show annual fiscal impact to the City of St. Louis for the public safety programs as \$0. **Oversight** assumes annual costs would not exceed annual income generated from the sales tax for public safety.

**Oversight** assumes the City of St. Louis would collect the sales tax. This proposal does not require collection to be made by the Department of Revenue - Sales Tax Division.

ALLOWS KANSAS CITY TO ESTABLISH AN ADMINISTRATIVE SYSTEM- (Senate Amendment 2);

In response to a similar proposal from this year (HCS for SB 237), officials of the **Office of State Courts Administrator** assumed no fiscal impact on the Courts.

In response to a similar proposal from this year (HCS for SB 237), officials of the **Department of Elementary and Secondary Education** assumed the municipal court structure may reduce the amount of fine revenue to Kansas City school districts. Officials did not estimate fiscal impact.

In response to a similar proposal from this year (HCS for SB 237), officials of the **City of Kansas City - Office of City Attorney** assumed this proposal would enable the City to establish an administrative tribunal system. Office assume if the city elected not to establish a system the fiscal impact would be zero. Officials stated the savings would result from inspectors spending

ASSUMPTION (continued)

less time in court when defendants don't show up, which causes costs associated with serving bench warrants and attending rescheduled court hearings. If it works as anticipated, code enforcement cases will be resolved faster, thereby increasing efficiency and generating additional savings.

**Oversight** assumes this proposal as written is enabling legislation and does not require the City of Kansas City to establish an administrative system to deal with municipal code violations.

**Oversight** assume no state or local fiscal impact.

PUBLIC WATER SUPPLY DISTRICTS- (Senate Amendment 3);

In response to a similar proposal from this year (SB 419), officials of the **Department of Natural Resources** assumed no fiscal impact.

**Oversight** sent fiscal note response requests to several public water supply districts, and none have responded.

**Oversight** assumes there could be some election costs savings by lengthening the terms to every three years for directors from the date of being first elected rather than under the current staggered election cycle. **Oversight** would expect election costs savings per water district to be minimal.

DEFINITION OF TRANSIENT GUESTS IN PULASKI COUNTY - (Senate Amendment 4);

In response to a similar proposal from this year (HB 69), officials of the **Department of Economic Development - Tourism** assumed no fiscal impact.

**Oversight** assumes no state or local fiscal impact from this amendment.

**This proposal could increase Total State Revenues.**

FISCAL IMPACT - State Government

FY 2008  
(10 Mo.)

FY 2009

FY 2010

## GENERAL REVENUE

### Income - Department of Revenue

1 percent collection fee on sales tax revenue of various sections.	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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### ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND

<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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### FISCAL IMPACT - Local Government

FY 2008  
(10 Mo.)

FY 2009

FY 2010

## LOCAL POLITICAL SUBDIVISIONS

### Income - Cities and Counties for sales tax in various sections

\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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### Income - Cities for transient guest tax

<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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### ESTIMATED NET EFFECT TO THE LOCAL POLITICAL SUBDIVISIONS

<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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## PUBLIC WATER SUPPLY DISTRICTS

### Savings - Election costs due to changes in director's terms. (SA3)

Minimal

Minimal

Minimal

### ESTIMATED NET EFFECT TO LOCAL GOVERNMENT

Minimal

Minimal

Minimal

## CITY OF ST. LOUIS PUBLIC SAFETY FUND

**Income** - City of St. Louis

From voter approved sales tax - SA1	\$0 to \$18,000,000	\$0 to \$18,000,000	\$0 to \$18,000,000
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**Cost** - City of St. Louis

From collection, administration, and providing public safety programs and projects. - SA1	<u>\$0 to</u> <u>(\$18,000,000)</u>	<u>\$0 to</u> <u>(\$18,000,000)</u>	<u>\$0 to</u> <u>(\$18,000,000)</u>
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<b>ESTIMATED NET EFFECT TO CITY OF ST. LOUIS PUBLIC SAFETY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**FISCAL IMPACT - Small Business**

Small businesses within the new districts or small business that offer sleeping rooms in certain special charter cities may be required to collect an additional tax, dependent upon governing body and voter approval.

**FISCAL DESCRIPTION**

Section 67.997 allows Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs.

Currently, the City of Sullivan is authorized to levy a transient guest tax between 2% and 5% per room per night to be used for the promotion of tourism. Section 67.1360 allows Franklin County to impose the same tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the city and the county.

Currently, only St. Charles County and its municipalities are allowed to form a theater, cultural arts, and entertainment district. Sections 67.2500, 67.2505 & 67.2510 allows the governing body of any county or city that has adopted transect-based zoning under Chapter 89, RSMo, and the counties of Boone, Jasper Franklin, Clay, or Jackson and their municipalities to form a district.

**FISCAL DESCRIPTION (continued)**



The bill also:

- (1) Allows the district to fund infrastructure projects;
- (2) Reduces the number of contiguous acres the district must include from 50 to 25;
- (3) Requires, instead of allows, the governing body of the city or county in which a district is proposed to pass a resolution describing the district when a petition for its creation is filed;
- (4) Allows the cities of Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, and Pleasant Hill to impose a transient guest tax of up to 5%; and
- (5) Repeals the duplicate of Section 67.2505.

Senate Amendment 1 allows the City of St. Louis to put before its voters a ballot measure allowing the city to impose a sales tax, not to exceed one-half of one percent, solely for the purpose of providing revenues for the operation of public safety departments, including police and fire departments.

Senate Amendment 3 modifies the length of term for directors of public water supply districts elected in 2008, 2009, and 2010, due to a change in the date of their election from June to April in statute.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

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Office of the State Courts Administrator  
Department of Economic Development  
Department of Revenue  
Department of Elementary and Secondary Education  
Department of Natural Resources  
St. Louis  
Kansas City

**NOT RESPONDING: counties of Perry, Boone, Jasper, Buchanan, Clay and Jackson;  
cities of St. Joseph, Independence and North Kansas City**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 27, 2007